

## DEPARTMENT OF FOOD AND AGRICULTURE



CDFA Marketing Branch  
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August 22, 2001

**NOTICE OF PUBLIC WORKSHOP**  
**"EVALUATING THE EFFECTIVENESS AND FAIRNESS**  
**OF THE OPERATION OF THE LIMITED BRAND ADVERTISING AUTHORITY**  
**GRANTED THE CALIFORNIA MILK ADVISORY BOARD AND**  
**THE CALIFORNIA MANUFACTURING MILK ADVISORY BOARD BY AB 1525"**

The California Department of Food and Agriculture (CDFA) has scheduled a workshop to receive comments from interested parties concerning the first two years of operation of the limited brand advertising authority granted by AB 1525 to the California Milk Advisory Board and the California Manufacturing Milk Advisory Board (hereafter referred to jointly as the CMAB). As you may be aware, the CMAB conducts promotion and research activities on behalf of the milk industry. These activities are funded by mandatory assessments upon all producers of milk in the state. The workshop is scheduled as follows:

<b><u>DATE/TIME</u></b>	<b><u>LOCATION</u></b>
Tuesday September 25, 2001 Beginning at 1:30 p.m.	CDFA Headquarters Building – <i>Main Auditorium</i> 1220 N Street Sacramento, California

All interested persons are invited to attend and participate in this workshop. Additionally, written comments will be accepted if received by this office prior to the workshop. The reverse side of this notice has some sample questions to assist participants in preparing their comments.

**BACKGROUND ON WHY THIS WORKSHOP IS BEING CONDUCTED**

For many years, the CMAB was limited by statute to conducting generic promotions. However, in 1998, the California Food and Agricultural Code was amended via AB 1525 to authorize the CMAB to make incidental references to private brand or trade names in its butter and cheese promotions. AB 1525 became effective January 1, 1999 and contained the following main provisions:

- ?? AB 1525 stipulated that this new branded promotion authority could not be implemented without it first being approved by a referendum vote of California milk producers. *(A producer referendum passed in July 1999.)*
- ?? AB 1525 stipulated that the use of brand or trade names must be incidental to the promotion of the California milk product and not in direct promotion of the brand or trade name.
- ?? AB 1525 required that the allocation of funds for brand advertising opportunities be made available on a nondiscriminatory basis to all retailers and manufacturers of butter or cheese utilizing California milk.
- ?? AB 1525 established a sunset provision that repeals this branded promotion authority on January 1, 2003 unless extended by further legislative action.
- ?? AB 1525 stipulated that the Department of Food and Agriculture must issue a report to the Governor and specified legislative committees not later than December 31, 2001 regarding the effectiveness of the branded promotion activities and whether such promotion opportunities were made available to the industry on a nondiscriminatory basis. The Department must also make a recommendation regarding whether the brand advertising authority should be continued, expanded, or eliminated.

Now that the CMAB has had nearly two years to conduct promotion activities that reference brands, it is time for CDFA to prepare the report required by AB 1525 regarding the effectiveness and fairness of such promotions. This workshop is being conducted in order to assist CDFA in fulfilling this responsibility. CDFA will formulate its recommendations as to the future of the authority granted by AB 1525 based in part on the feedback that is provided at the workshop.

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## EXAMPLES OF CMAB'S LIMITED BRAND ADVERTISING ACTIVITIES

During the past two years, the CMAB has conducted a variety of butter and cheese promotion activities that have incorporated references to brand and trade names. The initial limited brand advertising activities focused on cheese. Similar promotions involving incidental references to brands of butter got underway this year. Following are some examples of these limited brand advertising activities.

- ?? The CMAB has produced coupon sheets featuring participating brands of California cheeses. These sheets have been handed out to consumers during in-store cheese samplings. The cheesemakers that have chosen to participate in this activity have paid for their own coupon redemptions, while the CMAB, acting as the facilitator, has paid for the costs associated with the in-store samplings and the nominal cost associated with printing the coupon sheets.
- ?? The CMAB has allocated co-marketing funds to retailers on a prorated basis as an incentive for the retailers to promote California cheeses and butters in their weekly newspaper ads and in-store shopping guides. Such ads have often mentioned brands of California cheeses and butters carried by the retailers.

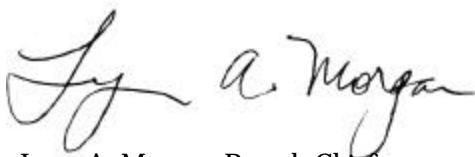
## WORKSHOP PREPARATION

The scope of the workshop is the effectiveness of the limited brand advertising authority and its nondiscriminatory application. Participants will be expected to keep their comments within this scope. Following are some questions that workshop participants may wish to consider in preparing their comments.

- ?? Have the promotion activities of the CMAB that reference brands been effective at promoting California butter and cheese products?
- ?? Has the CMAB provided opportunities on a nondiscriminatory basis for all manufacturers and retailers to participate in the promotion activities that reference brands?
- ?? Have the references to brands in these promotions been incidental to the promotion of the respective butter or cheese products or have they directly promoted the brand as currently prohibited by statute?
- ?? Should the authority to reference brands be continued as is? Please provide reasons for your recommendation.
- ?? Should the authority to reference brands be expanded so as to include other dairy products in addition to butter and cheese? Please provide reasons for your recommendation.
- ?? Should the brand advertising authority be eliminated? Please provide reasons for your recommendation.

If you have any questions regarding this workshop, please contact Dennis Manderfield of the Marketing Branch at (916) 654-1245.

Sincerely,



Lynn A. Morgan, Branch Chief  
Marketing Branch